

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the  
Commission's Own Motion into the Rates,  
Operations, Practices, Service and Facilities of  
Pacific Gas and Electric Company.

FILED  
PUBLIC UTILITIES  
COMMISSION  
MARCH 2, 2006  
SAN FRANCISCO OFFICE  
INVESTIGATION 06-03-003

**ORDER INSTITUTING INVESTIGATION**

Pacific Gas and Electric Company (PG&E) is a public utility electric corporation. Pursuant to Pub. Util. Code §§ 454 and 451, the Commission regulates PG&E's rates, operations, practices, services, and the reliability, safety and adequacy of PG&E's facilities. The manner and extent of such regulation is decided in general rate case proceedings and other forums at the Commission.

On December 2, 2005, PG&E filed Application (A.) 05-12-002, a general rate case application. In A.05-12-002, PG&E requests an increase of its base rate revenues of \$682 million for Test Year 2007.

We hereby commence this companion investigation to A.05-12-002 and consolidate this investigation with A.05-12-002. The purpose of this investigation is to allow the Commission to consider proposals other than PG&E's, and to enable the Commission to enter orders on matters for which the utility may not be the proponent. This companion investigation will also afford parties an opportunity and forum to provide evidence on issues of interest to the Commission. These issues may result in directives to PG&E that serve the public interest and that result in just and reasonable rates, services, and facilities.

**IT IS ORDERED** that:

1. This investigation is commenced as a companion to, and shall be consolidated with, Application (A.) 05-12-002. The purpose of this investigation is to take evidence and enter orders within the jurisdiction of the Commission in connection with Pacific Gas and Electric Company's (PG&E) revenue requirement, rates, operations, practices, services, and facilities. PG&E is the respondent utility to this investigation.

2. PG&E is hereby placed on notice that the Commission, for good cause, and to advance the public interest, may enter orders regarding matters beyond what PG&E requests in the companion consolidated proceeding, A.05-12-002.

3. This Ordering Paragraph constitutes the "preliminary scoping memo" required by Rule 6(c) of the Commission's Rules of Practice and Procedure (Rule). This consolidated proceeding is classified as ratesetting. There is a need for evidentiary hearings in the consolidated proceeding. The scope of this proceeding is set forth in the body of this Order. The schedule for the consolidated proceeding is set forth in the Assigned Commissioner's Ruling and Scoping Memo issued in A.05-12-002 in February 2006. The schedule includes a prehearing conference in May 2006.

4. This Order's categorization of this proceeding as ratesetting may be appealed pursuant to Rule 6.4.

5. The Executive Director shall cause a copy of this order to be served on the service list for A.05-12-002.

This order is effective today.

Dated March 2, 2006, at San Francisco, California.

MICHAEL R. PEEVEY

President

GEOFFREY F. BROWN

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

Commissioners